

**Agendum
Oakland University
Board of Trustees Formal Session
June 15, 2020**

**Approval of Amendments to Ellucian Banner and
Related Agreements and Hardware Refresh**

A Recommendation

1. **Division and Department:** Operations and Finance, University Technology Services (UTS).

2. **Introduction:** In 1997, Oakland University (University) engaged in a system planning process to identify means by which the University could more effectively provide students with access to academic information and records, and facilitate the University's redesign of its business processes, all while reducing operating costs. As a result of that process, the Board of Trustees (Board) approved the purchase of Banner, the University's Enterprise Resource Planning System (ERP), which is currently marketed under the trade name Ellucian Company L.P. and its affiliates.

In addition to the initial 1997 Board approval of the Ellucian (formerly SCT) Technical Currency Agreement and the Software License and Services Agreement the Board also authorized amendments in 2000, 2003, 2005, 2011 and 2015.

The core agreements for the Banner ERP are set to expire at the end of the licensing period July 31, 2020. Additional related agreements will also expire during the next five years. Since 1997, the University has purchased at least sixty-four third-party software products to enhance Banner. The sixty-four systems would have to be evaluated and potentially replaced with a new ERP.

Due to the University's twenty-three-year investment in this system and related products, and the three-to-five-year lead time it would take to research, competitively bid, and implement a new system, University Technology Services (UTS) and Purchasing considered renewal of the ERP in the nature of, and effectively, a sole source purchase. Therefore, the agreements identified by this Agendum item were not competitively bid. However, UTS continues to watch the market on ERPs to determine if it would be in the University's best interest to switch. Therefore, UTS recommends renewing the Ellucian contract.

There are two budget considerations for the ERP (Attachment A). The first is the renewal of the Technical Currency Agreements and the extended contracts (i.e. cloud agreements; Constituent Relationship Management (CRM, "Recruit") and On Demand Subscription Library). The second is the refresh of the Banner hardware and software.

- **Banner Technical Currency Agreements and Extended Contracts**

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The current cost of the ERP is included in the University's annual base budget. UTS negotiated a Technical Currency Agreement not to exceed \$592,254 with a 5% year-over-year increase per fiscal year (FY).

Additional amendments to the extended contracts include an extension for five years, not to exceed \$140,896 for FY2021 then annual renewal fees in subsequent years equal to 7% with a commitment to renew through FY2026.

- **Banner Hardware Refresh and Software**

The second budget consideration is an investment in the Banner hardware in FY2022. Recognizing that the current hardware is approaching end of life and the hardware warranty expires June, 2021, we recommend the most prudent cost containment by not purchasing the equipment or software until installation is necessary. The existing hardware was purchased in June 2010 and UTS has been able to extend the warranty until June 2021. This hardware is the last of the Banner hardware to be virtualized giving UTS a more stable hardware environment. As hardware ages over five years, there is a risk of equipment failure, which could result in downtime and stoppage for campus. There is a one-time funding request of \$970,193 for hardware and Oracle software and VMware software to support the infrastructure refresh and a \$172,656 incremental base budget request, effective FY2022, for Oracle Software, with a 7% annual increase, and VMware Software, with a 10% annual increase to support software maintenance. UTS researched other cloud options for the hardware refresh and determined that due to having to make a very large investment, to move in this direction does not make sense at this time.

3. Previous Board Action: The Board authorized the original Software License and Services Agreement in June 1997, with an amendment in February 2000. The Board authorized the original Technical Currency Agreement in June 1997, with additional amendments authorized in February 2000, April 2003, and September 2005. In December 2011, the Board authorized the five-year contract for the Ellucian (formerly SCT) Higher Education constituent management system. In July 2015, the Board authorized the five-year renewal for core and extended contracts.

4. Budget Implications: Annual renewal for Banner Technical Currency agreement and extended contracts will not exceed \$733,150 in FY2021 (an increase of \$45,671 over the actual FY2020 cost), with an annual increase of 5% year-over-year for the next five years. The incremental base funding needed will be built into the annual General Fund budget. The Banner Hardware Refresh one-time request of \$970,183 for hardware and software in FY2022 would be funded from University reserves. The \$172,656 incremental base budget increase, Oracle Software, with a 7% annual

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increase, and VMware Software, with a 10% annual increase, would be built into the annual General Fund budget.

5. Educational Implications: These software licenses represent a holistic view of all online enterprise systems licensed through Ellucian. The enterprise systems environment supports constituent relationship management, document management, recruiting, admissions, financial aid, registration, student services, academic history, finance, accounting, human resources, payroll, accounts receivable, accounts payable, donor development, and alumni relations.

6. Personnel Implications: None.

7. University Reviews/Approvals: Proposal developed by the Interim Chief Information Officer, UTS, and the former Chief Operating Officer and the President.

8. Recommendation:

RESOLVED, that the Interim Chief Information Officer is authorized to negotiate and execute amendments to the Technical Currency Agreement for core Banner services and extended contracts not to exceed \$733,150 for FY2021, then annual renewal fees in subsequent years not to exceed 5% and 7%, respectively, and a commitment to renew through FY2026; and, be it further

RESOLVED, that the Interim Chief Information Officer is authorized to negotiate Banner hardware and software purchase to support the hardware refresh not to exceed \$970,183 in FY2022, then annual renewal fees for Oracle Software, with a 7% annual increase, and VMware Software, with a 10% annual increase, not to exceed \$172,656 in FY2023, and a commitment to renew through FY2026; and, be it further

RESOLVED, that the Board of Trustees authorizes the President, Interim Chief Information Officer, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents that are necessary expedient and proper in connection with the renewal; and, be it further

RESOLVED, that the Ellucian Company L.P. and its affiliate agreements and amendments and all other contracts, instruments and documents shall be reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel prior to execution, and shall be in compliance with the law and University policies and regulations and shall conform to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

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9. Attachments:

A. Proposed Ellucian Contract Renewal Outline

Submitted to the President
on _____, 2020 by

Lori A. Tirpak
Interim Chief Information Officer

Recommended on _____, 2020
to the Board for approval by

Ora Hirsch Pescovitz, M.D.
President

